

Message Text

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PAGE 01 HONG K 02509 061029Z

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SUBJ: TRADE AND INVESTMENT OPPORTUNITIES ARISING FROM ENERGY
SITUATION

REF: STAT 040537

SUMMARY: THE ENERGY SITUATION HAS ACCELERATED INTEREST IN NEW VENTURES HERE WHICH HAVE ALREADY BEEN REPORTED AS OF POSSIBLE INTEREST TO US FIRMS. WE BELIEVE THAT US MANUFACTURERS SHOULD ALSO CONSIDER EXPORTS THAT APPLY ADVANCED TECHNOLOGY WHICH MIGHT BE USED HERE TO ALLEVIATE THE ENERGY CRUNCH.
END SUMMARY.

1. THE ENERGY SITUATION HAS ACCELERATED CONSIDERATION OF SEVERAL VENTURES WHICH THE CONGEN HAS REPORTD. FOR EXAMPLE, DOW CHEMICAL ANNOUNCED ITS DECISION TO CONSTRUCT A PLANT HERE TO MANUFACTURE POLYSTYRENE, MOST OF WHICH WILL BE CONSUMED HERE BY THE TEXTILE AND PLASTICS INDUSTRIES (HK 12828, 12/21/73). THE GOVERNMENT SEEMS TO BE MOVING STEADILY TOWARD A DECISION TO PERMIT CONSTRUCTION OF AN OIL REFINERY AND AN ASSOCIATED PETRO-CHEMICAL PLANT (HK 772). THERE IS GROWING INTEREST IN THE POSSIBILITY OF POLYESTER AND POLYAMIDE PLANTS (HK 21). INCREASING INTEREST HAS ALSO BEEN DISPLAYED BY THE GOVERNMENT AND THE LARGEST POWER COMPANY IN THE POSSIBILITY OF CONSTRUCTING NUCLEAR POWER FACILITIES, ALTHOUGH SITE, SAFETY, CONTROL AND COST PROBLEMS ARE RECOGNIZED AS MAJOR OBSTACLES (HK 711). INTEREST IN THESE VENTURES, IN TURN, HAS TENDED TO INCREASE SOMEWHAT INTEREST IN ANTI-
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PAGE 02 HONG K 02509 061029Z

POLLUTION DEVICES (HK 909). THERE HAVE ALSO BEEN QUERIES

TO THE CONGEN CONCERNING US MANUFACTURERS OF SOLAR ENERGY EQUIPMENT (HK 172). AND AS A GENERAL PROPOSITION, HONG KONG INDUSTRIALISTS, PARTICULARLY THOSE IN TEXTILES, PLASTICS AND ELECTRONICS, HAVE EXPRESSED INTEREST IN UP-GRADING THEIR EQUIPMENT AND TECHNOLOGY IN ORDER TO IMPROVE THEIR COMPETITIVE STANDING IN EXPORT MARKETS, AND THUS OVERCOME DISADVANTAGES, SUCH AS HIGHER COSTS OF RAW MATERIALS, TRANSPORTATION AND LABOR STEMMING DIRECTLY OR INDIRECTLY FROM THE ENERGY SITUATION.

2. SOME OF THESE OPPORTUNITIES HAVE ALREADY BEEN INVESTIGATED BY US CONCERNS. FOR EXAMPLE, REPRESENTATIVES OF THE NATIONAL CONSTRUCTORS ASSOCIATION MADE A PITCH HERE LAST DECEMBER CONCERNING NUCLEAR POWER (HK A-330), AND OFFICIALS OF WESTINGHOUSE AND GENERAL ATOMIC INTERNATIONAL SUBSEQUENTLY HAVE DONE THE SAME.

3. IT STRIKES US THAT THE LOCAL GOVERNMENT AND THE BUSINESS COMMUNITY WILL BE INCREASINGLY RECEPTIVE TO TECHNOLOGICAL DEVELOPMENTS WHICH CAN BE DEMONSTRATED TO HOLD PROMISE OF ALLEVIATING THE ENERGY CRUNCH. THIS WILL BE DUE IN PART TO ANTICIPATED INCREASES IN DEMAND FOR FUEL AS INDUSTRY SEEKS TO CONTINUE TO EXPAND AND AS THE GOVERNMENT PROCEEDS WITH DEVELOPMENT PROGRAMS ALREADY UNDERWAY AND DEEMED NECESSARY FOR ECONOMIC, SOCIAL AND/OR POLITICAL REASONS (E.G., HOUSING PROGRAMS, SUBWAY, DESALINIZATION PLANTS). ADDITIONAL ECONOMIES WILL BE DESIRED. THIS SUGGESTS THAT US MANUFACTURERS AND RESEARCHERS SHOULD BE ASKED TO KEEP IN MIND THE EXPORT POTENTIAL OF DEVICES THAT MIGHT BE USED HERE AS ELSEWHERE IN THE FUTURE TO HARNESS ALTERNATE SOURCES OF POWER (SOLAR, TIDAL), OR WHICH MIGHT PROVE TO BE MORE ECONOMICAL MEANS OF TRANSPORTATION IN SPECIAL SITUATIONS E.G., MOVING PLATFORMS, VICE BUSES, AUTOS AND STREETCARS).

4. WE REGRET TO REPORT THAT THE ONLY KNOWN CASE OF DATE OF REVERSE INVESTMENT ANTICIPATED IS THE MANUFACTURE OF CANDLES. A CHINESE ENTREPRENEUR, WHO SUPPLIES CANDLES TO HALLMARK, PLANS TO OPEN A SALES OFFICE IN MISSISSIPPI AND SUBSEQUENTLY TO MAKE CANDLES FOR THE US MARKET. HOPE-LIMITED OFFICIAL USE

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PAGE 03 HONG K 02509 061029Z

FULLY, US MANUFACTURERS, MEANWHILE, WILL BE ABLE TO DEMONSTRATE A HIGHER LEVEL OF TECHNICAL DEVELOPMENT BY EXPORTING TO HONG KONG ITEMS ALONG THE LINES CITED ABOVE. OSBORN

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